Washington State Institute for Public Policy

Benefit-Cost Results

Case management for welfare recipients or low-income individuals

Benefit-cost estimates updated December 2015. Literature review updated November 2015.

Current estimates replace old estimates. Numbers will change over time as a result of model inputs and monetization methods.

The WSIPP benefit-cost analysis examines, on an apples-to-apples basis, the monetary value of programs or policies to determine whether the benefits from the program exceed its costs. WSIPP's research approach to identifying evidence-based programs and policies has three main steps. First, we determine "what works" (and what does not work) to improve outcomes using a statistical technique called meta-analysis. Second, we calculate whether the benefits of a program exceed its costs. Third, we estimate the risk of investing in a program by testing the sensitivity of our results. For more detail on our methods, see our technical documentation.

Program Description: Case managers work with TANF/AFDC recipients or low-income individuals in individual or group sessions to provide counseling, job search assistance or job retention services through orientations, assessments, interviews, or telephone calls. Case managers usually provide referrals to child care subsidies, transportation assistance, and other support services. They may also refer clients to education and training, particularly if job searches are unsuccessful. Case management may end when clients find employment, or continue with post-employment support services. The low-income population is defined in a variety of ways, including all workers in the 25th percentile of hourly wages, individuals at or below 130% of the federal poverty line, individuals at or below 200% of the federal poverty line, or an income that meets eligibility requirements for welfare or food stamps. Nonprofit organizations, local welfare agencies, or for-profit employment companies usually provide these program services, lasting anywhere from one month to two years.

Benefit-Cost Summary

Program benefits	
Participants	$212
Taxpayers	$270
Other (1)	$0
Other (2)	($1,460)
Total	($977)
Costs	($2,908)
Benefits minus cost	($3,885)

Summary statistics	
Benefit to cost ratio	($0.34)
Benefits minus costs	($3,885)
Probability of a positive net present value	15 %

The estimates shown are present value, life cycle benefits and costs. All dollars are expressed in the base year chosen for this analysis (2014). The economic discount rates and other relevant parameters are described in our technical documentation.

Detailed Monetary Benefit Estimates

Source of benefits	Benefits to Participants	Taxpayers	Other (1)	Other (2)	Total benefits
From primary participant					
Labor market earnings (employment)	$254	$108	$0	$0	$362
Public assistance	($93)	$219	$0	$0	$126
Food assistance	$52	($57)	$0	$0	($5)
Adjustment for deadweight cost of program	$0	$0	$0	($1,460)	($1,459)
Totals	$212	$270	$0	($1,460)	($977)

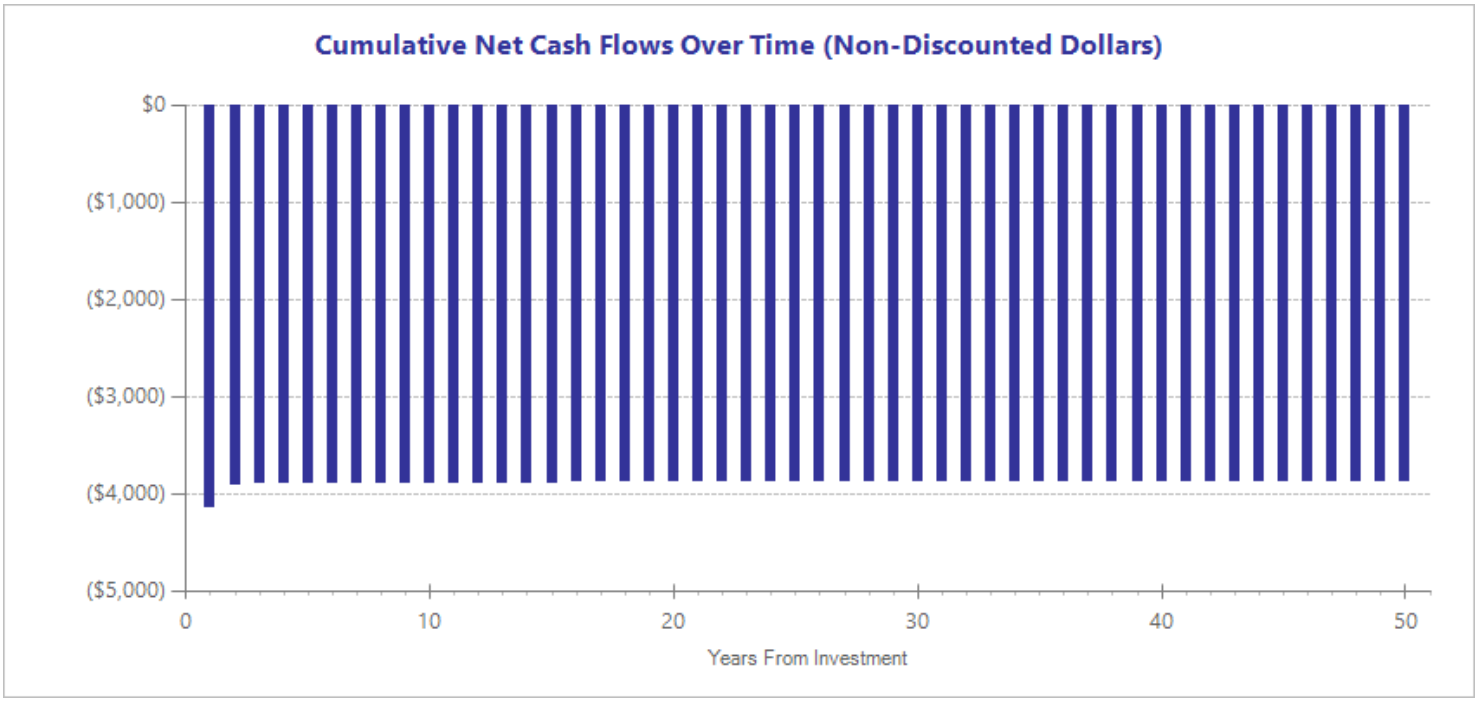
We created the two “other” categories to report results that do not fit neatly in the “participant” or “taxpayer” perspectives. In the “Other (1)” category we include the benefits of reductions in crime victimization, the economic spillover benefits of improvement in human capital outcomes, and the benefits from private or employer-paid health insurance. In the “Other (2)” category we include estimates of the net changes in the value of a statistical life and net changes in the deadweight costs of taxation.

Detailed Cost Estimates

	Annual cost	Program duration	Year dollars	Summary statistics	
Program costs	$2,911	1	2014	Present value of net program costs (in 2014 dollars)	($2,908)
Comparison costs	$0	1	2014	Uncertainty (+ or - %)	99 %

We estimated the average annual cost of treatment per participant, using data from studies in our meta-analysis that reported cost estimates (Hamilton et al., 1996; Kemple et al., 1995; Kornfeld & Rupp, 2000; Miller et al., 2008; Roder & Scrivner, 2005). Costs vary by study but may include central administration, staff salaries, staff benefits, recruitment, assessment services, job placement and retention services, short-term training provided by staff, transportation, and medical treatments.

The figures shown are estimates of the costs to implement programs in Washington. The comparison group costs reflect either no treatment or treatment as usual, depending on how effect sizes were calculated in the meta analysis. The uncertainty range is used in Monte Carlo risk analysis, described in our technical documentation.



Meta-Analysis of Program Effects

Outcomes measured	Primary or secondary participant	No. of effect sizes	Treatment N	Unadjusted effect size (random effects model)		Adjusted effect sizes and standard errors used in the benefit-cost analysis					
						First time ES is estimated			Second time ES is estimated		
				ES	p-value	ES	SE	Age	ES	SE	Age
Earnings	Primary	16	30680	0.015	0.096	0.015	0.009	35	0.000	0.014	36
Employment	Primary	15	26520	0.032	0.085	0.032	0.018	35	0.000	0.014	36
Food assistance	Primary	10	22854	0.007	0.688	0.007	0.016	35	0.000	0.014	36
Public assistance	Primary	11	25001	-0.015	0.469	-0.015	0.020	35	0.000	0.014	36

Citations Used in the Meta-Analysis

Anderson, J., Freedman, S., & Hamilton, G. (2009). *Results from the Los Angeles Reach for Success Program*. New York, NY: Manpower Demonstration Research Corporation.

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For further information, contact:
(360) 586-2677, institute@wsipp.wa.gov

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